

Commercial Financing Options For Renewable Energy Systems

CALIFORNIA ENERGY COMMISSION

Renewable Energy Program
1516 Ninth Street, MS 45
Sacramento, CA 95814-5512



*Renewable Energy
-The Power of Choice-*

STATE OF CALIFORNIA
Gray Davis, *Governor*

Mary D. Nichols
Secretary for Resources

William J. Keese, *Chairman*
Commissioners:

Michal C. Moore

Robert A. Laurie

Robert Pernell

Arthur H. Rosenfeld

Steve Larson, *Executive Director*

For information on
renewable energy
options and incentives
in California

Energy Commission
Website
www.consumerenergycenter.org

Energy Commission
Call Center
1-800-555-7794



Relying on Renewable

Are you interested in reducing your energy costs by using renewable energy, but do not have the capital to afford the equipment? This fact sheet highlights various loan programs currently available.

Loan Program Basics

Loan products can be divided into two categories—secured and unsecured. As a general rule, unsecured loans have shorter terms (1-3 years) and relatively high interest rates. Unsecured loans are also known as business credit cards or business line of credit. Secured loans have longer terms and relatively lower interest rates, with the rate and term dependent upon the strength of the collateral and the creditworthiness of the borrower. Collateral can be in the form of equipment or real property.

Subsidized and targeted loans are also available to minority and women-owned businesses via the Small Business Administration. Generally, these loans are offered with a 'guaranty' by a state or federal agency to secure the loan.

Commercial Business Resources

On the reverse, you will find a list of lenders that offer attractive financing solutions. This fact sheet details a variety of financial loan products targeted directly at investments in renewable energy. To find out more about specific financing options, log onto the web addresses detailed for the particular lender you are interested in, or use the contact telephone numbers listed. Please visit the Energy Commission's website or call the Energy Call Center (see left) for information on renewable energy options and incentives in California.

LOAN EXAMPLES (\$45,000)

Term and Rate	5 years @ 5%	10 years @ 10%	15 years @ 8%
Monthly Payment	\$849	\$595	\$430

A business owner in Concord with an annual electricity bill of \$20,000 is considering the purchase of a 10 kW photovoltaic (PV) system with an installed cost of \$90,000. After receiving the Energy Commission "rebate" of \$45,000 the net cost of the system would be \$45,000. Savings in year one from PV electricity production at their current utility rates is projected to be \$2,918. If they finance the net cost of the system of \$45,000 with a 15 year mortgage loan at 8% interest it would result in an annual payment of \$5,161. This business owner would also save \$32,255 in taxes resulting from the 10% Federal Business Energy Tax Credit, State and Federal Depreciation and deductions for interest expenses. For this example, the simple payback term for this system would be 9.7 years. If electricity rates continue to rise the payback time would be shorter. If you would like to evaluate the savings for your situation, use the Clean Power Estimator found at the Energy Commission

Assumptions: Annual electricity production from the PV system in Concord is estimated to be 18,265 kWh. The annual electricity used was 18,262 kWh. The current utility rates for this example range from about \$.14 to \$.23 per kWh. Tax savings were estimated assuming the business owner is in a 34% federal and 8.8% state tax bracket.

Commercial Financing Options For Renewable Energy Systems

	Loan Program	Contact	Loan Amount	Term	Interest Rate
Equipment Secured Loans	Energy Efficiency Improvement Loan Program	Safe-Bidco www.safe-bidco.com tel: 800.273.8637	\$250,000 max up to 10 yrs savings	5 yrs	5.00%
	Equipment Efficiency Loan Program	Academic Capital www.academiccapital.com tel: 800.589.4532	No Limits	5 to 25 yrs	Prime plus 1-3%
	Equipment Efficiency Loan Program	Credit America www.creditamericafunding.com tel: 800.422.9977	No Limits	5 to 25 yrs	Prime plus 1-3%
	Equipment Efficiency Loan Program	GE Capital www.gecapital.com tel: 800.460.5442	No Limits	5 to 25 yrs	Prime plus 1-3%
Real Estate Secured Loans	SBA 7(a) & Low Doc	SBA / Small Business Administration / Bank www.sbaonline.sba.gov tel: 818.552.3210	\$1,000,000 @ 90% guaranty	10 to 20 yrs	Fixed / Variable
	Collateral Mortgages	Collateral Mortgage, Ltd. www.collateral.com tel: 205.978.1840	No maximum	15 to 30 yrs	Fixed / Variable
	SBA 7(a) & Low Doc	SBA / Small Business Administration / Bank (as above)	\$1,000,000 @ 90% guaranty	10 to 20 yrs	Fixed / Variable
	SBA 504	SBA / Small Business Administration / Bank (as above)	\$750,000 max	10 to 20 yrs	Fixed / Variable
Unsecured	Commercial Loan	Academic Capital (as above)	\$50,000	5 to 7 yrs	Fixed / Variable
	Commercial Loan	Credit America (as above)	\$50,000	5 to 7 yrs	Fixed / Variable
	Commercial Loan	GE Capital (as above)	\$50,000	5 to 7 yrs	Fixed / Variable
	SBA 7(a) & Low Doc	SBA / Small Business Administration / Bank (as above)	\$1,000,000 @ 90% guaranty	10 to 20 yrs	Fixed / Variable
Guaranty Loans	SBA Express	Small Business Administration (as above)	\$150,000	15 to 20 yrs	Market
	Business & Industry Loan Guaranty	USDA Rural Business Service www.rurdev.usda.gov/rd/ tel: 530.792.5805	\$1 million to \$10 million	1 to 10 yrs	Fixed or Variable - near prime
	Business Loan Guaranty	California Trade & Commerce Agency http://commerce.ca.gov/business/small tel: 916.322.1275	90% loan guaranty	1 to 10 yrs	Fixed
	CA Loan Guaranty Program	California Trade & Commerce Agency (as above)	80% guaranty	1 to 15 yrs	3 to 7 yrs
Subsidized Loans	Rural Utility Service	USDA Rural Utility Service www.rurdev.usda.gov/rd/	\$500,000 to \$5 million	Negotiated	Fixed or variable
	SBA 7(a) & Low Doc	SBA / Small Business Administration / Bank (as above)	\$1,000,000 @ 90% guaranty	10 to 20 yrs	Fixed / Variable
	SBA Express	Small Business Administration (as above)	\$150,000	15 to 20 yrs	Market
	CalCAP	California Pollution Control Finance Authority www.treasurer.ca.gov/cpcf/smallbusiness.htm tel: 916.654.5610	\$20,000 to \$ 2.5m	Short and long term	Fixed / Variable
Third Party	Equipment Efficiency Loan Program	Sacramento Municipal Utility District (SMUD) www.smud.org/pv/index.html tel: 916.732.6679	No limit	10 yrs	8.7 to 10.5%
	PV Pioneer	Sacramento Municipal Utility District (SMUD) (as above)	\$4/mo premium	10 yrs	Purchase Option
	Revolving Loan Fund	California Statewide Certified Development Corporation www.cscdc.org tel: 800.348.6258	Varies	5 to 15 yrs	Prime + 2 to 5%
	Revolving Loan Fund	California Infrastructure & Economic Development Bank/CIEDB tel: 916.322.1398	Varies	5 to 15 yrs	Prime + 2 to 5%
	Revolving Loan Fund	City of San Diego's Economic Development Division www.sandiego.gov/economic-development tel: 619.236.6235	Varies	5 to 15 yrs	Prime + 2 to 5%
	Revolving Loan Fund	Corporation for Enterprise Development www.cfed.org tel: 202.408.9793	Varies	5 to 15 yrs	Prime + 2 to 5%
	Revolving Loan Fund	Economic Development Finance Service www.nado.org tel: 202.624.7806	Varies	5 to 15 yrs	Prime + 2 to 5%
	Small Business and Non Profit Energy Efficient Improvement	Safe-Bidco (as above)	\$250,000 max	5 yrs	5%
	Energy Purchase Agreement	World Energy Services Technologies tel: 619.696.0978	No limit	No limit	Discount prices

The California Energy Commission does not endorse any one lending organization. Eligibility varies for each financing option. Availability of financing options may vary. Contact individual provider for more information.